

Senate Unit Tells of More Northrop Payoffs Abroad

Ties Firm to Members of European Parliaments, Retired U.S. Military Officers and Ex-CIA Figure

BY GAYLORD SHAW

Times Staff Writer

WASHINGTON—A Senate subcommittee Friday released documents disclosing a complex pattern of overseas payments linking Northrop Corp. to members of European parliaments, Middle East princes and generals, retired U.S. military officers and a former CIA official.

The 530 pages of documents were subpoenaed by the Senate panel, which is investigating Northrop's \$30 million in foreign payments as part of a broader inquiry into bribes, political contributions and payments overseas by U.S. firms.

The documents, including many confidential Northrop files, traced a picture of how the Los Angeles-based aerospace firm sought to increase its foreign sales by hiring consultants and agents who had high-level connections in U.S. and foreign governments.

Among the major disclosures:

—Northrop paid an annual retainer to Gen. Paul Stehlin, onetime chief of the French air force, while he was vice president of the French National Assembly. Stehlin was forced to resign his leadership post last year after it was disclosed that he advised French officials that the French-built Mirage F-1 fighter was technically inferior to American planes.

—Northrop established a Swiss firm, Economic and Development Corp., to obtain high-level support in European political circles for Northrop's aircraft sales program. Northrop is listed as owing the Swiss firm \$3.1 million in commissions, although the documents show that it is unable to explain what services the Swiss firm provided. One document said a backer of the firm was Dr. Franz Joseph Bach, a retired West German diplomat and lawmaker.

—Northrop paid up to \$75,000 a year to Kermit Roosevelt, grandson of President Theodore Roosevelt and a former high-level Central Intelligence Agency official, to aid in the aerospace firm's overseas sales efforts. The documents show that Roosevelt had extensive contacts on Northrop's behalf with officials at the White House, Pentagon, CIA and State Department, as well as with the rulers of Iran, Saudi Arabia and other countries. The payments were made after Roosevelt left the CIA.

—Northrop's agent in Saudi Arabia, Adnan Khashoggi, conferred with high-ranking Pentagon officials about his Middle East operations and discussed whether his commissions should be kept secret from Saudi officials.

On Thursday, Northrop acknowledged that it had paid \$450,000 to

Khashoggi after he said the money was being demanded by two Saudi generals during negotiations for a multimillion-dollar fighter plane deal.

The firm's executive committee said Thursday that besides the payments intended for the Saudi generals, there were only two other instances where money might have gone to foreign officials—a \$4,400 payment to an Iranian tax assessor and a possible \$15,000 payment to a local politician in Indonesia.

The Northrop committee contended that most of the firm's \$30 million in overseas payments had been accounted for, and that the vast majority had gone for legitimate purposes.

But the ranking members of the Senate subcommittee on multinational corporations, which released the 530 pages of documents, said the relationship between the company and its agents "appears to be deliberately designed to insulate the corporation from direct knowledge of the day-to-day activities of the agent on its behalf."

Thus "it is often difficult to determine absolutely the legality or illegality of those activities," said a joint statement by Sen. Frank Church (D-Ida.), the subcommittee chairman, and Sen. Clifford P. Case (R-N.J.), its senior Republican member.

The senators said that some of the overseas payments clearly were for "legitimate technical or political advice" but that others were in "a gray area of questionable legitimacy."

They contended that the Defense and State departments must share responsibility for the activities of the agents and consultants because the departments must approve foreign sales contracts.

Northrop officials have been called to testify Monday and Tuesday as the subcommittee continues public hearings in the investigation, which was spawned by the Watergate scandals. Northrop and two of its officials were prosecuted for making illegal corporate donations to President Richard M. Nixon's 1972 reelection campaign. The donations came from a secret corporate fund established with cash returned to Northrop by a Paris lawyer it had hired as a consultant.

The mass of documents released Friday gave what is perhaps an unprecedented glimpse of how a major American aircraft manufacturer seeks to sell its planes overseas. Northrop's directors said in their statement Thursday that the firm "has paid no more, and probably far less" for overseas agents and consultants than its competitors.

In one document, Northrop President Thomas V. Jones said agents and consultants were hired because "personal relationships in these foreign countries is everything."

"Agents open doors and keep you apprised; they are a stethoscope on the workings of the government," Jones said in an interview with investigators.

Other documents showed that Northrop hired French Gen. Stehlin in 1964 as a \$5,000-a-year consultant in its efforts to win a share of the European arms market. His annual retainer later was increased to \$6,000 a year, then to \$7,500, and he reported regularly to Jones on "all political, economic and military situations in Europe."

The documents included a 1973 letter from Stehlin to Jones in which the French parliamentarian offered suggestions for Northrop's sales campaign and promised to "assist you by all means at my disposal."

Still other documents referred to contacts between Northrop representatives and officials at "the highest levels in the Dutch government" and to a European official, apparently a West German, identified only as "No. 1."

The need for such high-level contacts were cited as one reason Northrop set up Economic and Development Corp. in Switzerland, giving it a \$200,000 advance payment and a promise of a 10 percent share of Northrop overseas sales.

Frank J. DeFrancis, a Washington attorney who helped set up the Swiss firm, told Jones in a 1971 letter that the firm's chairman, Dr. Andreas Froben, would "engage in